

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 SSM-03 IGA-02 AID-05
CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00
USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04
EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
L-03 H-01 DODE-00 PA-01 PRS-01 /109 W
-----071823Z 066654 /46

R 061507Z MAY 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 4824
INFO AMEMBASSY ABU DHABI
AMEMBASSY BONN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: EFIN
SUBJECT: ONE AND ONE-HALF BILLION DOLLAR GODE LOAN SIGNED

REF: CAIRO 7667 (NOTAL)

1. GOE AND GULF ORGANIZATION FOR DEVELOPMENT OF EGYPT
(GODE) SIGNED ON MAY 5 AS SCHEDULED (REFTEL) LOAN
AGREEMENT FOR \$1,475 MILLION. GOE MINFIN HAMED AND CENTRAL
BANK DEPGOV EL BANNA FOR GOE AND SAUDI MINFIN OFFICIAL
DUKHAIL, IN CAPACITY AS GODE EXECUTIVE DIRECTOR, EXECUTED
DOCUMENTS. GODE CHAIRMAN (AND SAUDI MINFIN) ABA AL KHAIL
IS TO SIGN AT LATER DATE.
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2. TERMS OF LOAN WERE ANNOUNCED AS FIVE-YEAR GRACE PERIOD
AND TEN-YEAR REPAYMENT, WITH FIVE PERCENT ANNUAL INTEREST.
(ANNOUNCEMENT DOES NOT MAKE CLEAR WHETHER INTEREST
IS CHARGED DURING GRACE PERIOD.)

3. MINFIN HAMED REPORTEDLY STATED \$825 MILLION OF LOAN

WOULD BE USED TO HONOR SHORT-TERM LOAN SUPPLIERS CREDITS COMMITMENTS. SAUDI OFFICIAL DUKHAIL IS REPORTED TO HAVE SAID GODE WILL ESTABLISH OFFICE AT CAIRO AND EXPECTS TO ASSIST IN CONSOLIDATING EGYPTIAN ECONOMY OVER PERIOD OF AT LEAST 25 YEARS. DUKHAIL NOTED GODE'S POTENTIAL FIANCIAL RESOURCES ARE NOT LIMITED TO PAID-IN CAPITAL OF \$2,000 MILLION, NOW COMMITTED; RECOURSE TO INTERNATIONAL MONEY MARKETS AND LOAN GUARANTTES ARE CONTINUING POSSIBILITIES. GODE INTENDS TO PLAY POSITIVE ROLE IN FORTHCOMING PARIS IBRD CONSULTATIVE GROUP MEETING ON EGYPT, ACCORDING DUKHAIL.

4. COMMENT. GODE HAS BEEN INSTRUMENTAL IN FUNNELLING SOME \$2,000 MILLION INTO EGYPT THIS YEAR: \$250 MILLION DIRECT LOAN (AGREEMENT SIGNED DECEMBER 1976, \$250 MILLION GUARANTEE OF CHASE MANHATTAN-SYNDICATED LOAN AND LATEST TRANSACTION. MASSIVE GODE INFUSION OF BOP CASH AID WILL GO FAR TOWARD CLEARING ATMOSPHERE FOR CONSULTATIVE GROUP CONSIDERATION OF LONGER-RANGE FINANCIAL NEEDS OF GOE ASSOCIATED WITH DEVELOPMENT. WHEN GODE FUNDS ACTUALLY BECOME AVAILABLE FOR DISBURSEMENT, SHORT-TERM OBLIGATIONS WILL INDEED TAKE FIRST PRIORITY; ARREARS ON BANK CREDIT FACILITIES ALONE AMOUNT AT PRESENT TO \$825 MILLION TOTAL OF FIRST TRANCHE, FIGURE CITED BY HAMED IN PARA 3 ABOVE. EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS, LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO07776
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770161-0679
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770587/aaaacwrq.tel
Line Count: 87
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a4c68a99-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 7667
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2620309
Secure: OPEN
Status: NATIVE
Subject: ONE AND ONE-HALF BILLION DOLLAR GODE LOAN SIGNED
TAGS: EFIN, EG, GODE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a4c68a99-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009